

COMMISSION ON STATE MANDATES

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March 1, 2004

Mr. Allan P. Burdick
DMG-Maximus, Inc.
4320 Auburn Boulevard, Suite 2000
Sacramento, CA 95841

And State Agencies and Interested Parties (See Attached Mailing List)

RE: **Final Staff Analysis and Proposed Statewide Cost Estimate**
Presidential Primaries 2000, 99-TC-04
County of Tuolumne, Claimant
Elections Code Sections 15151 and 15375
Statutes 1999, Chapter 18

Dear Mr. Burdick:

The final staff analysis and proposed statewide cost estimate are complete and enclosed for your review.

Commission Hearing

The hearing on this matter is set for Thursday, **March 25, 2004** at 9:30 a.m. in Room 126 of the State Capitol, Sacramento, California. This item will be scheduled for the consent calendar unless any party objects. Please let us know in advance of the hearing if you or a representative of your agency will testify at the hearing, and if other witnesses will also appear.

Special Accommodations

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

Please contact Nancy Patton at (916) 323-8217 with questions.

Sincerely,

PAULA HIGASHI
Executive Director

Enclosures

j:mandates/1999/tc/99tc04/sce/fsatrans

ITEM 16
PROPOSED STATEWIDE COST ESTIMATE
FINAL STAFF ANALYSIS

Statutes 1999, Chapter 18
Elections Code Sections 15151 and 15375

Presidential Primaries 2000 (99-TC-04)

County of Tuolumne, Claimant

EXECUTIVE SUMMARY

Elections Code sections 15151 and 15375 were amended to ensure that California's presidential primary delegates would be recognized at the national party conventions in the year 2000. The test claim legislation requires local election officials to transmit both semi-final and final election results for presidential primaries in two separate tallies to the Secretary of State: first, the total number of votes each candidate received; and second, the number of votes each candidate received from registered voters of each political party and from the "declines-to-state" voters.

The claimant filed the test claim on October 25, 1999. The Commission on State Mandates (Commission) adopted the Statement of Decision on October 25, 2001, and the parameters and guidelines on February 27, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by September 3, 2003.

The SCO provided unaudited claims totals to the Commission on October 6, 2003, and February 10, 2004. The claims data was utilized to develop the proposed statewide cost estimate. Since this program only applied to the 2000 Presidential Primary Election, the proposed statewide cost estimate includes one fiscal year for a total of **\$1,167,736**.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate for costs incurred in complying with the *Presidential Primaries 2000* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.

STAFF ANALYSIS

Background and Summary of the Claim

Elections Code sections 15151 and 15375 were amended to ensure that California's presidential primary delegates would be recognized at the national party conventions in the year 2000. The test claim legislation requires local election officials to transmit both semi-final and final election results for presidential primaries in two separate tallies to the Secretary of State: first, the total number of votes each candidate received; and second, the number of votes each candidate received from registered voters of each political party and from the "declines-to-state" voters.

The claimant filed the test claim on October 25, 1999. The Commission on State Mandates (Commission) adopted the Statement of Decision on October 25, 2001, and the parameters and guidelines on February 27, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by September 3, 2003.

Discussion

Staff reviewed the claims data submitted by the claimants and compiled by the SCO. A draft staff analysis and proposed statewide cost estimate was issued on February 5, 2004. No comments were submitted on the draft staff analysis.

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

A. One-Time Activities

1. Research and Develop General Approach for Converting Voting Process

Meet with the Secretary of State to identify the methods, and develop the general approach for implementing the new election reporting requirements. Develop a specific plan and schedule for implementing the new primary election reporting process.

2. Develop or Modify Election Equipment and Software and Test

Obtain, develop, or contract for the modification of election systems and equipment to accommodate the one vote, two-count election system. Includes any automated system programming or reprogramming, and related costs, including testing of the ballot counting program.

3. Develop and Conduct Special Training Program (One-time per employee)

Develop and conduct a revised training program for regular and temporary election staff to carry out the changes necessary to implement the reporting requirements of the test claim legislation.

B. Ongoing Activities¹

1. Additional Election Ballot and Election Materials Costs

Additional costs, necessary to purchase or develop the special regular and absentee ballots and election materials to meet the requirements of the state-mandated election duties specified in Statutes 1999, chapter 18. Includes the development by elections officials of the procedures and mechanisms necessary to enable a tabulation of the ballots separately and by presidential candidate, and the additional necessary cost to design and print ballots necessary to submit the information required for the semi-final and final election results.

2. Secretary of State Test

Test the computer software and process until approved by the Secretary of State for utilization in the election. Only tests approved by the Secretary of State shall be reimbursable.

3. Ballot Tabulation

Count primary votes both by the presidential candidate and by party affiliation, which exceeds the prior single count process, including the additional staff time to count and inspect ballots, canvassing after the election, and the additional computer run time for election results.

4. Preparation and Submission of Statement of the Vote

- a. Prepare and submit semi-final primary election results, including the cost to determine and report the number of votes each candidate received from registered voters of each political party and from the “declines-to-state” voters at intervals not greater than two hours.
- b. Prepare and submit final primary election results, including the additional costs to prepare and submit the final election results to the Secretary of State in accordance with its procedures.
- c. Prepare and submit to the Secretary of State the doubling of the Statement of Vote.

The parameters and guidelines for the *Presidential Primaries 2000* program also allow reimbursement for the direct costs of the salaries and benefits of each employee implementing the program; materials and supplies; contracted services; and any costs for travel and training necessary to implement the program. The cost of fixed assets and equipment, including computers, is also eligible for reimbursement, but only the pro rata portion of the purchase price used to implement the *Presidential Primaries 2000* program may be reimbursed.

To the extent that any of the aforementioned costs are presently recouped through *Absentee Ballots* (Stats. 1978, ch. 77), such costs cannot be claimed under the *Presidential Primaries 2000* program.

¹ The one-time and on-going activities are eligible for reimbursement only for the 2000 Presidential Primary Election.

Statewide Cost Estimate

Recommendations from the Bureau of State Audits

On October 15, 2003, the Bureau of State Audits (BSA) issued an audit report on two mandated programs and the mandates process. The BSA issued one recommendation regarding the development of statewide cost estimates, stating:

To project more accurate statewide cost estimates, the Commission staff should more carefully analyze the completeness of the initial claims data they use to develop the estimates and adjust the estimates accordingly. Additionally, when reporting to the Legislature, the Commission should disclose the incomplete nature of the initial claims data it uses to develop the estimates.

Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of the program and to implement the BSA's recommendation. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology, will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on unaudited claims filed by 34 of the state's 58 counties.²
- The actual amount claimed may increase if late or amended claims are filed.
- The claims may be excessive. Some counties may have filed for reimbursement for fixed assets that are being used for purposes other than implementing this mandate. For example, it appears that Humboldt County claimed \$273,760 for establishing a new tabulation system that not only allows the county to tabulate the votes twice for the 2000 Presidential Primary Election, but also updates the county's tabulation system for all elections.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable.

Methodology

The proposed statewide cost estimate was developed using actual reimbursement claims filed by 34 claimants. Staff reviewed the summary claims data provided by the SCO for fiscal years 1999-2000, 2000-2001, and 2001-2002. Staff then reviewed the reimbursement claims to study claiming data and possible trends.

Since this program was only required for the 2000 Presidential Primary Election, costs (\$167,257) claimed for fiscal years 2000-2001 and 2001-2002 were not included in the proposed statewide cost estimate.

² Claims data reported by the SCO as of February 10, 2004.

Staff Recommendation

*Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$1,167,736** for costs incurred in complying with the Presidential Primaries 2000 program.*

Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1999-2000	34	\$1,167,736
Total		\$1,167,736